



The Role of the Recordkeeper

Illinois Secure Choice Savings Program

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Introduction

For nearly 17 years, Ubiquity's sole purpose has been to solve the problem of coverage in the small business segment, and to help all Americans save for a dignified retirement.

Ubiquity's platform provides small businesses with instant, easy, low-cost, and low-risk access to Workplace Retirement Savings. It also offers our business partners – in this instance, the State of Illinois – with a modern, scalable Service and Administrative Platform uniquely designed to the needs and economics of this market.

Platform Summary

Ubiquity is a Workplace Retirement Plans Platform designed for the small business of 1–100 employees. It delivers web-marketed, web-delivered applications – including both 401(k)s and Payroll Deduction IRAs – designed solely for the small business and individuals with zero retirement savings. Ubiquity is a flat fee for service, investment agnostic service provider.

The Platform is built to the specifications of service delivery demanded by today's web and mobile users, employing a less-is-more approach to product design and decision-making, with simple design, emotional appeal, and minimal barriers-to-establishment inherent in products designed for larger businesses. The Platform is delivered via mobile apps, web, call-center, e-mail, and chat, and is built with banking-level security and design. This consistent, uncomplicated experience results in increased adoption among non-consumers of Workplace Retirement, improved retention rates, and cost efficiency.



Considerations

Operational burden on employers must be minimal

- ▶ Ubiquity's Platform is a viable and cost-effective alternative to the EDD

Costs must be low

- ▶ Provide a mobile-first / online / call-center driven service model
- ▶ Suited to the simple needs of the mass-market

Validating census / employee info

- ▶ Census errors, such as incorrect DOBs, may result in inappropriately invested funds
- ▶ Potential leverage of cell-phone adoption to validate participant information by text
- ▶ Avoid alienating the un-documented

Investment Considerations

- ▶ Expose them to a tolerable level of investment risk and appropriate diversification
- ▶ Avoid early-year losses
- ▶ Deliver easy-to-understand investment transparency

Fee Considerations (basis points)

- ▶ Low balances will not support fixed-fee pricing
- ▶ Larger account balances will subsidize smaller balances
- ▶ Later years will subsidize early years

Thoughts on Implementation

Employers

1. Register via web / mobile site
 - a. Contact info
 - b. Third-party payroll provider (if applicable)¹
 - c. Bank account for ACH processing
2. Submit census information via Secure Choice website
 - a. Name, address, date of birth, Social Security number, email, mobile number DOB.
3. Submit contribution amounts each pay period – triggers ACH

¹Note: If the employer uses a third-party payroll, Ubiquity will retrieve census and payroll information directly from that third-party.



Employees/Participants – Receive introductory e-mails / text with links to the website

1. Validate their contact info
2. Receive login credentials
3. Use website to opt out / change deferral amount / change investments

Service and support delivered digitally via phone/email/chat

- ▶ Multilingual call center (English/Spanish/Mandarin/Cantonese)
- ▶ Employers contact service for:
 - Registration, census, payroll processing
- ▶ Employees/Participants contact service for²
 - Credentials
 - Census validation
 - Statements
 - Contributions and investment changes
 - Disbursals and transfers to private IRA offerings

²Note: No paper will be used

Investments - Model Portfolios

- ▶ The Board has complete investment access, including all publicly traded Mutual Funds and ETFs, as well as Collective Trusts.
- ▶ The Platform can employ a series of model portfolios, with asset allocations and underlying investments determined by the Board.
- ▶ The Board may offer both Target Risk Portfolios and Target Date Portfolios
 - The Platform can incorporate a risk-tolerance questionnaire designed by the Board to help participants select the right portfolio
- ▶ Ubiquity suggests Target Risk as the default (rather than Target Date) for two purposes:
 - Protect employers who submit the wrong DOB
 - Ensure participants avoid capital losses in the early years of their savings (to leave a good “first impression,” as with the UK’s NEST)
- ▶ The Platform allows employees to view the individual investments that comprise the model, yet compels participants to invest only in a singular model.



Rebalancing

The Platform allows for a scalable, instant rebalancing process, such that models can be rebalanced, upon the Board's instruction, according to a specific date or according to a specific % drift from target.

Drawdown

Upon retirement age, the Platform can facilitate the following (pending Board preferences):

- ▶ Rollovers into IRAs at private institutions
- ▶ The annuitization of participant balances, helping the participant to manage longevity risk
- ▶ The incorporation of Annuities offered by Insurers and/or the inclusion of longevity insurance

Pricing

Pricing / Modeling is still in development based upon confirmation of some of the assumptions in this proposal. But the spirit of the Board's intent (basis points, rather than fixed fee) will be accomplished.